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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE WR 28-80

WASHINGTON, Nov. 26--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

SOVIET press reports indicate that total 1980 grain production for the USSR's three major producing regions could approximate 168.2 million tons. These reports suggest that 1980 grain production in the Russian Soviet Federated Socialist Republic (RSFSR) could total about 103.4 million tons, versus the 1976-79 annual average of 116 million; the Ukraine, 37.8 million (1976-79 annual average was 44.4 million); and Kazakhstan, 27 million (1976-79 annual average was 27.5 million). In addition, twelve other Soviet republics collectively produced between 18.9 million and 22.4 million tons of grain each year during 1976-79. Soviet officials have not published preliminary 1980 harvest totals for these republics. The current USDA estimate for total Soviet 1980 grain production is 185 million tons.

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CZECHOSLOVAKIA's News Agency recently indicated that the 1980 grain crop could be a record 11.1 million tons or more. Although the announcement did not give a specific figure for this year's crop, the average annual grain production for the current five-year plan was 10.2 million tons, which puts the 1980 crop between 11.1 and 11.6 million tons. The previous record crop was 10.9 million tons harvested in 1978, while the 1979 crop was a low 9.2 million tons.

Czechoslovakia's annual grain imports averaged almost 1.7 million tons over the last five years. However, if the 1980 crop is the indicated record high, Czechoslovakia could reduce its 1980/81 grain imports to below 1 million tons. Such a sharp reduction would be in line with official policy of reducing costly feed imports to a minimum and of greater reliance on domestically produced feed. Imports from the United States could fall to 500,000 tons during 1980/81, almost all of which would be corn. Estimated 1979/80 (July-June) imports from the United States reached a record 1.6 million tons.

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BANGLADESH has embarked on construction projects that will add about 400,000 tons in wheat and rice storage capacity by the end of June. These projects will not be completed in time for this season's record rice production and anticipated government procurements of rice and wheat. Bangladesh is committed to an aggressive price support policy as a means of expanding production.

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To alleviate the storage problem, rice exports of up to 500,000 tons are being considered during 1980/81. This includes 150,000 tons of parboiled rice exports to India as repayment of a 1978/79 loan. India, however, has large rice stocks of its own, and has not yet indicated a willingness to accept the repayment at this time. Reportedly, Bangladesh's rice is of poor quality (35 percent white and 20 percent parboiled) and its specifications do not fit international standards. In addition, competition for the African market--which traditionally imports lower quality rice--could be strong, as a result of large exportable supplies in Thailand, Burma and Pakistan.

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THAILAND's 1980 rice exports could exceed the currently estimated 2.5 million tons, as a result of recent heavy buying by Brazil and Iran. In recent weeks, purchases by these countries have totaled about 260,000 tons.

Thai rice production in 1981 may exceed the record 1979 crop of 17.5 million tons. Some private estimates of the main rice crop--harvested in November through January--are as high as 17 million tons. Because of the bumper outturn expected in the northeast, which produces mainly glutinous rice, an oversupply of this type is likely this season. In 1980, total rice production was a weather-reduced 15.8 million tons.

OILSEED AND PRODUCTS

BRAZIL's National Energy Council has approved a program designed to utilize vegetable oils to partially replace diesel fuel. The four oils selected for use in the program are soybean, peanut, sunflowerseed and rapeseed, of which only soybean oil is currently produced on a large enough scale to allow for considerable export availabilities.

The Council announced as a goal for 1981 the replacement of 6 percent of the projected 16 million tons of diesel oil consumption with vegetable oils. The plan calls for reaching 16 percent substitution in 1985. A special government working group has been set up to make recommendations by the end of November for implementation of the plan in 1981.

Palm oil also is being considered as a suitable vegetable oil for this program. Tentative plans have been approved by the government for providing incentives for planting dende palms for African palm oil production. These plans call for initial plantings of 50,000 hectares of palm trees in the Amazon region in 1981. Earlier this year, a Brazilian company obtained World Bank and other international financing to expand its experimental palm oil operation in Belem into full scale commercial production on about 4,800 hectares.

Brazil is continually examining all types of raw materials as substitutes for petroleum products. A very successful gasohol program is already in operation. Recent energy requirement studies have pointed out that one of the biggest needs is for finding suitable substitutes for diesel fuels.

The 1981 goal of replacing 6 percent of the country's diesel requirements with vegetable oil cannot be accommodated by utilizing the entire soybean oil export availabilities. Soybean oil is Brazil's major vegetable oil and is used both for

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food and industrial products. Production during the current marketing year, which ends in February 1981, is expected to total nearly 2.4 million tons, 32 percent of which is expected to be exported.

Peanut oil export availabilities are normally less than 100,000 tons. Sunflowerseed and rape oil production in Brazil are still very small, although the country has a great potential for expanding production of sunflowerseed and rapeseed. The initial reaction by some of the soybean crushers to the new program was that the government should very carefully review the feasibility of the program before it is implemented. They suggest that for the time being it is more advantageous to export soybeans and soybean oil and import diesel oil.

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Estimated PEANUT PRODUCTION in foreign producing countries in 1980/81, according to a recent survey conducted by U.S. agricultural attaches, will exceed last years's total by about 714,000 tons. This is nearly equal to the 764,000-ton reduction in the 1980 U.S. crop, compared with last season. The survey also indicates that foreign country exports could be 6 percent greater than last season. Given significantly higher prices in major consuming markets, such as Western Europe, foreign exports could exceed the current estimate of 566,000 tons by 50,000 to 100,000 tons. Both India and China, the world's largest peanut producers, will have significantly larger exportable surpluses than levels currently authorized for export by their state trading agencies.

According to the survey, production and exports of peanuts, shell basis, by major foreign producers is as follows in 1,000 tons.

	Production		Exports	
	1979/80	1980/81	1979/80	1980/81
Southern Hemisphere				
Argentina	286	422	57	85
Brazil	500	410	25	25
South Africa	330	300	57	50
Subtotal	1,116	1,132	139	160
Other foreign producers				
India	6,000	6,600	20	50
China	2,822	2,950	45	50
Sudan	850	800	86	80
Senegal	600	600	75	50
Gambia	120	120	60	60
Malawi	125	125	14	30
Egypt	33	34	18	11
Israel	22	16	13	8
Thailand	114	130	12	17
Other foreign	4,286	4,295	50	50
Subtotal	14,972	15,670	393	406
Total foreign	16,088	16,802	532	566

COTTON

BRAZIL reportedly has agreed to license imports of 20,000 to 30,000 tons (about 90,000 to 140,000 bales) of cotton through May 1981. The imported cotton must be used only in textile products for export. The imports are being allowed so that textile mills will have an adequate supply of higher grade cotton, while Brazil exports an equal volume of its domestically produced lower grade cotton. The 10-percent cotton export tax also has been removed. Brazil is expected to produce and consume about 2.7 million bales of cotton in 1980/81.

TOBACCO

In CHINA, cigarettes are being produced with U.S. tobacco and equipment under a licensing agreement signed in April between a major U.S. cigarette manufacturer and the Government of China. The cigarettes are primarily for tourists, however, and can only be purchased with foreign exchange certificates. The agreement stipulates an annual quota of 200-million cigarettes at the factory in Canton. Reportedly the installation will have an annual capacity of 350 million cigarettes and the Chinese will have use of the equipment for domestic consumption products after the 200 million-cigarette quota is met.

China reportedly views the joint venture as an opportunity to obtain modern cigarette manufacturing technology and earn foreign exchange. The Government of China has similar agreements with two other major cigarette manufacturers--one U.S. and the other British.

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In the DOMINICAN REPUBLIC, the U.S. agricultural attache reports blue-mold virus in tobacco seedbeds in both the Dominican Republic and Haiti. The extent of damage to the 1981 tobacco crop is not yet known. Currently, the disease is being controlled, either by entirely destroying the infected seedbeds or by treating with ridomil. In the Dominican Republic, however, a shortage of ridomil is reported among cigarette leaf producers.

HORTICULTURAL AND TROPICAL PRODUCTS

A new INTERNATIONAL COCOA AGREEMENT was approved at the recent Geneva talks, but the world's largest producer--the Ivory Coast--and the world's largest consumer--the United States--have elected not to join. Several minor producers, Togo and Gabon, also have decided not to be a party to the new pact. The agreement's objective is to try and stabilize cocoa bean prices between 110 and 150 cents per pound through a buffer stock scheme.

The new pact calls for equal sharing of costs of the buffer stock fund by both producers and consumers. The $225 to $230 million buffer stock fund from the expired agreement will be carried over to help finance the new agreement. An allowance has been made for a maximum price adjustment of 4 cents per pound each year, based on the current market conditions at the time of review.

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Countries wishing to join have been asked to complete initialing by Jan. 1, 1981, and make final ratification by April 1, 1981. Before the new agreement can take effect, countries accounting for at least 80 percent of world production must be members. Thus, without Ivory Coast participation, implementation of the new agreement seems unlikely, but members hope that the Ivory Coast will join before the deadline runs out.

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THE INTERNATIONAL COFFEE ORGANIZATION cut the global export quota for 1980/81 on Nov. 19, by 1.4 million bags to 55.5 million bags. This action was taken because the 20-day moving average of the commodity indicator price fell below US$1.20 per pound to $1.1952. All exporting members entitled to a basic export quota are affected except Angola, Brazil and Uganda, who are exempt because they have declared conditional shortfalls. Full reductions are applicable during the October/December quarter. Cuts which cannot be applied during that quarter are carried forward to the January/ March quarter.

The annual global export quota for 1980/81 will remain at the 55.5 million-bag level as long as the 20-day moving average price remains below $1.35 per pound. Two further reductions in the annual quota, each of 1.4 million bags, could be made if the composite indicator price remains at or below $1.20 per pound for 20 consecutive market days, and if the 20-day average is at or below $1.15 per pound. However, no more than two reductions in quotas can be applied in any one quarter.

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KENYA's 1979/80 (Oct.-Sept.) pyrethrum crop totaled 10,424 tons dry-flower basis. This is 31 percent greater than the poor 1978/79 harvest of only 7,950 tons, which was the lowest outturn in nearly a decade. Crop prospects for the 1980/81 harvest appear good, and if weather conditions continue to be favorable, an outturn of 14,000 tons is anticipated.

Because of reduced crops in major producing countries, world pyrethrum supplies have become tight and prices have risen sharply. However, demand for this natural insecticide continues to be strong and the improvement in output in Kenya, the world's largest producer, should have a moderating effect on the sharp price increases of recent years.

The United States is the largest market for pyrethrum, with imports valued at $13 million in 1979. During the first nine months of 1980, imports were valued at $13.8 million, compared with $9.1 million during the corresponding period of 1979.

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In BELIZE, honey production has reached the 200-ton level in 1980 after a steady climb in output in recent years. The expansion has been mainly due to increased colony numbers mainly in the northern part of the country. Land clearing activities and pesticide damage in the Corozal and Orange Walk Districts reduced the outturn in 1979, and stocks have declined during the past several years after a bumper harvest in 1976.

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The number of colonies in 1980 is placed at about 8,000, with yields estimated at 25 kilograms per colony. Reportedly bottled honey was made available for the first time in 1979 to domestic consumers. The wholesale price for a one-pound jar was placed at $2 and the retail price in local shops at $2.50.

Honey production, exports, consumption and stocks for 1977-80 in Belize are as follows in tons.

	Beginning stocks	Production	Exports	Consumption	Ending stocks
1977	50	167	163	19	35
1978	35	195	190	15	25
1979	25	186	176	18	17
1980	20	200	185	20	15

INTERNATIONAL WEATHER AND CROP SUMMARY, Nov. 17-23

EUROPE--Drier weather returned to much of the region as storms stayed to the north, dropping near-normal precipitation in parts of the northwestern countries. Only in northern Yugoslavia and southern Hungary did precipitation remain much above normal. Even there, late harvest activity was further delayed only over a relatively small area. Soil moisture remained in good supply as warmer temperatures allowed winter grains to resume growth in most countries. Temperature stayed about normal in the Mediterranean countries, but rose much above normal in central and northern countries as warm air moved in from the Atlantic.

WESTERN USSR--Wet weather continued over much of European USSR. Heaviest totals fell in a broad band extending from the Ukraine northeastward through the black Soils and Volga-Vyatsk regions. Most of the precipitation came in the form of rain as temperatures rose much above normal. Substantial snowmelt resulted, leaving only the northeastern portion of the winter grain belt with a light snow covering. However, conditions remained too cold for renewed winter grain growth in all but the southernmost areas. The wet conditions in the Ukraine posed the danger of frost heaving damage to winter grains, but frost occurrences during the week were relatively light.

SOUTH ASIA--Rainfall was once again limited to southern portions of India. Moisture totals along the west coast resulted from remnants of last week's tropical depression which drenched the east coast. Later in the week, showers returned to the extreme south, but yielded below-normal totals along the east coast of Tamil Nadu.

EASTERN ASIA--Precipitation generally increased in the region during the week. Heaviest amounts fell in the hills of China, and the Sichuan Valley received abundant beneficial moisture. Mostly light amounts fell on the North China Plain, with some limited areas of above-normal rainfall benefiting winter grains in parts of Shandong and Jiangsu. Growth continued in most winter-grain areas as temperatures surged even further above normal. Late rice harvesting in South Korea and southeastern coastal provinces of China was interrupted by much-above-normal rains--the first precipitation in three weeks.

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NORTHWESTERN AFRICA--The only major agricultural area to receive substantial rainfall during the week was northern Tunisia. Most of this grain-producing area had normal or greater rainfall totals, maintaining good growing conditions. Moroccan crop areas had good soil moisture from previous rains, and only in western Algeria did winter grain prospects remain dim.

SOUTH AFRICA--Shower activity was more intense this week in both the Transvaal and the Orange Free State. A minimum of 10 mm fell in southern portions of the Maize Triangle, but localized, heavy showers produced 25 to 50 mm in some areas which had been too dry for maize planting. This new supply of moisture likely triggered intense fieldwork as farmers sow their crops at the beginning of the expected wet season.

AUSTRALIA--Widely scattered, light rain fell over Australia's grain areas. Weekly totals were generally less than 5 mm, except for coastal areas of Victoria, northern New South Wales and southeastern Queensland where 10 to 20 mm fell. The scattered showers posed no significant problem for the wheat harvest which is underway in most areas. Yield prospects for barley and oats remain good since over half the sown area is in Victoria and South Australia. Summer crops in Queensland and New South Wales could use additional moisture for vigorous vegetative growth during the warm summer months. Dry weather prevailed during the week along Queensland's sugar-producing coastal region.

SOUTH AMERICA--Rain fell in most all major crop areas of Brazil and Argentina as two storm systems worked their way through the region. Above-normal precipitation was noted throughout Argentina's crop areas and through much of Rio Grande do Sul and Santa Catarina. Late in the week heavy rains of 100 to 115 mm in parts of Rio Grande do Sul and Santa Catarina delayed fieldwork. Soybean planting in Parana is 50 to 75 percent complete, while about 40 percent of the crop is sown in Rio Grande do Sul. The wet weather was unfavorable for the wheat harvest, now in its late stages, but, perhaps more importantly, provided good moisture supplies for maize and soybeans, especially, in Parana where soils had become somewhat dry. In Argentian, the first-crop soybeans, which represents about 60 percent of total production, is being planted with much improved soil moisture during the past several weeks. (The second crop comes after the wheat harvest).

MEXICO--Cool temperatures averaging 4 to 8 degrees below normal blanketed the northeast, which slowed growth of tender crops but helped color citrus fruit. Heavy rains falling over the extreme northeast and along the Bay of Campeche interrupted harvest of minor crops. Dry, sunny conditions favored tomato development over the west coast and corn harvesting in the southern Plateau. Freezing temperatures dipped into the north central region and may have burned some pastures.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 25, 1980		Change from previous week	A year ago
	Dollars per metric ton	Dollars per bu.	Cents per bu.	Dollars per metric ton
Wheat:				
Canadian No. 1 CWRS-12.5%..	1/	1/	1/	215.00
U.S. No. 2 DNS/NS: 14%.....	227.00	6.18	- 4	206.00
U.S. No. 2 DHW/HW:13.5%....	234.00	6.37	+ 6	211.00
U.S. No. 2 S.R.W...........	224.00	6.10	-15	204.00
U.S. No. 3 H.A.D...........	294.00	8.00	+11	255.00
Canadian No. 1 A: Durum....	1/	1/	1/	1/
Feedgrains:				
U.S. No. 3 Yellow Corn.....	172.00	4.37	- 6	144.00
U.S. No. 2 Sorghum 2/......	189.00	4.80	- 5	147.00
Feed Barley 3/.............	1/	1/	1/	1/
Thailand Tapioca...........	165.37	--	-2.28 5/	--
Soybeans:				
U.S. No. 2 Yellow..........	361.00	9.82	-13	278.00
Argentine 4/...............	1/	1/	1/	1/
U.S. 44% Soybean Meal (M.T.)	325.00	--	-12.00 5/	257.00
EC Import Levies				
Wheat 6/...................	74.95	2.04	-.18	100.50
Barley.....................	46.05	1.00	-.14	93.70
Corn.......................	85.45	2.17	-.06	110.35
Sorghum....................	65.75	1.67	-.11	104.05

1/ Not available.
2/ Optional delivery: U.S. or Argentine Granifero Sorghum.
3/ Optional delivery: U.S. or Canadian Feed Barley
4/ Optional delivery: Brazil Yellow
5/ Dollars per metric ton.
6/ Durum has a special levy.
NOTE: Basis Dec. delivery.

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